

UZBEKISTAN:
RESULTS REVIEW AND RESOURCE REQUEST (R4)

USAID Regional Mission for Central Asia
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I. Overview and Factors Affecting Program Performance

The development context in Uzbekistan has not changed significantly over the past year, although there has been some retreat from the economic reform process. Official Uzbek leadership continues to actively seek to assert and strengthen the country's sovereignty and independence. The single largest market in Central Asia, Uzbekistan also clearly aspires to play a regional leadership role. As for the economic reform process, Uzbekistan continues to assert that it will follow a program of gradual, step-by-step reform in which the state remains dominant. However, questions arise concerning the specific steps and timeframe for this program. Uzbekistan's diverse economic base, composed of agricultural, industrial, and energy resources, will fuel the country's economic prosperity provided that progress toward a market economy is renewed. Political power rests almost exclusively with the president and an active opposition is not tolerated. At the same time, the government is occasionally sensitive to international perceptions about human rights and other issues and, with growing frequency, responds positively to outside pressures for improvements in less controversial areas such as citizen participation in the process of economic and social changes. In this development context, the USAID/CAR program aims to pursue reform efforts in areas in which the Government, for one reason or another, has a strong self-interest in order to promote the establishment of a market-oriented, democratic system. Contributing toward this goal are USAID/CAR interventions which emphasize fiscal reform, financial sector restructuring, NGO development, responsible provision of social services, legal and regulatory reform in the energy sector, and technical training.

II. Progress Toward Achieving Strategic Objectives

Per guidance received from Washington, this section provides performance assessments on the Mission's strategic objectives in Uzbekistan. The specific objectives addressed are as follows:

- SO 1.2 Increased soundness of fiscal policies and fiscal management practices
- SO 1.3 Accelerated development and growth of private enterprises
- SO 1.4 A more competitive and market-responsive private financial sector
- SO 2.1 Increased, better-informed citizens' participation in political and economic decision-making
- SO 3.2 Reform strategies in selected social sectors developed and implemented

In addition to the above, region-wide strategic frameworks have been developed for the following regional initiatives, which cover all or most of Central Asia and are described fully in the Regional R4 for Central Asia:

- SO 1.5 More economically sound and environmentally sustainable energy system as the primary engine of economic growth for Central Asia
- SO 3.3 Reduction in regional economic and political tensions generated by transboundary environmental issues

Other activities in Uzbekistan include the use of health earmarks for medical partnerships, contraceptive social marketing, and infectious diseases. While worthwhile endeavors, they are not part of the core program. Hence, in conformity with R4 guidance, They are evaluated through one or more indicators and corresponding targets under the following Special Objective:

SO 4.1 Special Initiatives

Similarly, Eurasia Foundation activities are not an integral part of our core program but contribute to a variety of objectives. Hence, their activities are now grouped under cross-cutting programs in SO 4.2. Since the Eurasia Foundation does not report to the Mission, we have not provided an indicator or target to describe their activities.

Finally, significant resources are devoted to training in the United States, third countries, and the Central Asian region. The purpose of this effort will be to reinforce USAID/CAR technical assistance through exposure of key officials and private sector individuals to positive reform experiences in other countries. The cross-cutting nature of this program under SO 4.2 and the fact that its impact is measured in other strategic objectives means that a formal R4 framework is not required.

SO 1.2 INCREASED SOUNDNESS OF FISCAL POLICIES AND FISCAL MANAGEMENT PRACTICES

A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

The R4 Tree and Performance Data Table for Strategic Objective 1.2 were submitted in draft for review in April 1996. They were modified subsequently per feedback received in AID/W in May 1996 and as a result of other ad hoc recommendations.

Overall progress in this Strategic Objective is currently on track.

B. PROGRESS TOWARDS OBJECTIVE

1. Performance Analysis

SO 1.2 Increased soundness of fiscal policies and fiscal management practices-As in all former Soviet republics, Uzbekistan lacked the systems, procedures and technical know-how for formulating and managing a coherent national fiscal policy when it declared independence. However, considerable progress has been achieved, primarily because Uzbekistan has displayed more flexibility than other Central Asian governments in considering fiscal policy and administrative reforms designed to bring social safety net expenditures under firmer control. Specifically, as a result of dramatic reductions in production and consumption subsidies and effective short-term cash management measures, the budget deficit was notably reduced (to 3.6 percent of GDP in 1996 down from 18 percent in 1992). Similarly, inflation was reduced from a monthly range of 20-30 percent to single digits over the past twelve months. In addition, a modern tax code was adopted by Parliament in April 1997. Less progress has been made in establishing a modern budget classification, planning and execution system. In early 1996, Uzbekistan started placing Treasury-notes through a competitive auction for the first time, a significant achievement. In addition, a comprehensive budget process and treasury laws are in their final stages of draft preparation within the government.

Progress Rating: The overall progress to date for this indicator is as expected.

IR 1.2.1 Central Government shifted roles and responsibilities as primary fiscal manager and regulator vis-a-vis local government, state owned enterprises and private sector.

The performance indicator is a decentralization ratio, local government revenues as a percent of total government revenues. The unit of measure is percent.

Progress Rating: No USAID activity in Uzbekistan.

IR 1.2.2 Government complied with international financial institutions' conditions. The performance indicator is compliance. Government adheres to conditions set forth by the international financial institutions' for additional assistance. The unit of measure is Yes/No (or Partial).

The Government of Uzbekistan did not satisfy all of the performance criteria set in its program with the IMF for 1996. It is critical for the Government to satisfy program targets in 1997 in order to continue under the IMF Stand-By arrangement. Failure to do so would constitute a major obstacle to further sustained progress under this Strategic Objective.

Progress Rating: Other donor activity.

IR 1.2.3. Taxes are more fairly and broadly applied and enforced. The performance indicator is the tax compliance rate, tax revenues as a percent of GDP. The unit of measure is percent.

A USAID-funded fiscal advisory team took the lead role in providing technical support to the Ministry of Finance and the State Tax Committee (STC) in formulating improved fiscal policies and drafting relevant legislation. A revised draft of the Tax Code was submitted to the Committees of the Majilis, Prime Minister of Republic of Uzbekistan and Deputy Prime Minister and Minister of Finance in late 1996. The tax code was passed into law by the Majilis in late April 1997. In November 1996 the Government of Uzbekistan signed a Memorandum of Understanding with USAID to accelerate tax administration reform progress.

In February 1996, the Deputy Prime Minister established a Working Group to prepare drafts of a State Finance Law specifying national and local government budget processes, and a Law on Treasury and Public Accounts. USAID funded Barents Group were appointed to be members of the working group. Under the direction of USAID\Barents Group budget advisor, drafts of these two laws were completed. The drafts have now been circulated to all of the department heads at the Ministry of Finance and all local government finance agencies. Comments are now being received and reviewed by USAID\Barents Group budget advisor.

USAID advisers are also working to improve the analytical capabilities of the Ministry of Finance staff. In particular, USAID consultants have transferred analytical models for forecasting and monitoring budget revenues. In addition, USAID is providing ongoing support to modernize the budgetary classification system and strengthen the budgetary planning and execution process. A USAID advisor recently prepared and conducted a successful Central Asian seminar on Computerization of Tax Systems. He also developed a detailed plan for computerization of tax administration and coordinated it with the STC.

Progress Rating: The overall progress to date for this indicator is guardedly considered to be better than expected.

IR 1.2.4 Improved budget management. The performance indicator is fiscal arrears as a percent of GDP, general fiscal deficit (accrued basis) less general fiscal deficit (cash basis) as a percent of GDP. The unit of measure is the percent. Data not currently available on this indicator.

Progress Rating: As expected

2. Expected Progress through 1999 and Management Actions

Fiscal activities will continue into FY 99, and beyond. Upon completion of the work on the Tax Code, efforts will shift to the introduction of a modern tax administration system, which should further enhance revenue performance and provide greater equity for taxpayers. USAID advisors will concentrate on assisting the STC in the development of a comprehensive, computerized tax processing system. A Fiscal Policy and Analysis Unit will also be established and additional training provided to prepare local staff to maintain new fiscal functions after the project ends. In the budget area, USAID will focus on the adoption of a modern budget law and the introduction of a performance-based budgetary process.

3. Performance Data Tables

| | | | |
|--|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE 1.2: INCREASED SOUNDNESS OF FISCAL POLICIES AND FISCAL MANAGEMENT PRACTICES APPROVED: 12/07/96 COUNTRY/ORGANIZATION: UZBEKISTAN/USAID/CAR | | | |
| RESULT NAME: SO 1.2. Increased soundness of fiscal policies and fiscal management practices | | | |
| INDICATOR: General government deficit as a percent of GDP | | | |
| UNIT OF MEASURE: Percent SOURCE: International Monetary Fund document, Republic of Uzbekistan (RU) - Staff Report for the 1996 Article IV Consultation and First Review under Stand-By Arrangement, June 5, 1996. INDICATOR DESCRIPTION: Expenditures less revenues as a percent of GDP COMMENTS: Fiscal performance in 1996 was weaker than planned, though still reasonably good. The relatively poor performance was one reason for the IMF's suspension of its Stand-By Agreement with Uzbekistan in late 1996. | YEAR | PLANNED | ACTUAL |
| | 1995(B) | | 3.5 |
| | 1996 | 3.3 | 3.6 |
| | 1997 | 3.2 | |
| | 1998 | 3.1 | |
| | 1999 | 3.0 | |
| | 2000 | 2.8 | |
| | 2001(T) | 2.6 | |
| | | | |

STRATEGIC OBJECTIVE 1.2: INCREASED SOUNDNESS OF FISCAL POLICIES AND FISCAL MANAGEMENT PRACTICES

APPROVED: 12/07/96 **COUNTRY/ORGANIZATION:** UZBEKISTAN/USAID/CAR

RESULT NAME: IR 1.2.1. Central government shifted roles and responsibilities as primary fiscal manager and regulator vis-a-vis local government, state owned enterprises and private sector.

INDICATOR: No activity

UNIT OF MEASURE:

SOURCE:

INDICATOR DESCRIPTION:

COMMENTS:

YEAR

PLANNED

ACTUAL

1995(B)

1996

1997

1998

1999

2000

2001

| | | | |
|---|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE 1.2: INCREASED SOUNDNESS OF FISCAL POLICIES AND FISCAL MANAGEMENT PRACTICES APPROVED: 12/07/96 COUNTRY/ORGANIZATION: UZBEKISTAN/USAID/CAR | | | |
| RESULT NAME: IR 1.2.2. Government of Uzbekistan complied with the International Financial Institution's conditions. | | | |
| INDICATOR: Compliance with IMF and other IFI programs | | | |
| UNIT OF MEASURE: Yes-No-Partial <hr/> SOURCE: <hr/> INDICATOR DESCRIPTION: <hr/> COMMENTS: | YEAR | PLANNED | ACTUAL |
| | 1995(B) | | |
| | 1996 | Y | P |
| | 1997 | Y | |
| | 1998 | Y | |
| | 1999 | Y | |
| | 2000 | Y | |
| | 2001(T) | Y | |
| | | | |

| | | | |
|---|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE 1.2: INCREASED SOUNDNESS OF FISCAL POLICIES AND FISCAL MANAGEMENT PRACTICES APPROVED: 12/07/96 COUNTRY/ORGANIZATION: UZBEKISTAN/USAID/CAR | | | |
| RESULT NAME: IR 1.2.3. Taxes are more fairly and broadly applied and enforced | | | |
| INDICATOR: Tax compliance rate | | | |
| UNIT OF MEASURE: Percent SOURCE: International Monetary Fund document, Republic of Uzbekistan (RU) - Staff Report for the 1996 Article IV Consultation and First Review under Stand-By Arrangement, June 5, 1996 INDICATOR DESCRIPTION: Tax revenues as a percent of GDP COMMENTS: The trend of tax revenue collections is positive, exceeding the target. | YEAR | PLANNED | ACTUAL |
| | 1995(B) | | 11.5 |
| | 1996 | 12 | 12.6 |
| | 1997 | 14 | |
| | 1998 | 17 | |
| | 1999 | 19 | |
| | 2000 | 21 | |
| | 2001 | 23 | |
| | | | |

| | | | |
|---|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE 1.2: INCREASED SOUNDNESS OF FISCAL POLICIES AND FISCAL MANAGEMENT PRACTICES APPROVED: 12/07/96 COUNTRY/ORGANIZATION: UZBEKISTAN/USAID/CAR | | | |
| RESULT NAME: IR 1.2.4. Improved budget management | | | |
| INDICATOR: Fiscal areas as a percent of GDP | | | |
| UNIT OF MEASURE: Percent SOURCE: International Monetary Fund document, Republic of Uzbekistan (RU) - Staff Report for the 1996 Article IV Consultation and First Review under Stand-By Arrangement, June 5, 1996 INDICATOR DESCRIPTION: General fiscal deficit (accrued basis) less general fiscal deficit (cash basis) as a percent of GDP COMMENTS:. | YEAR | PLANNED | ACTUAL |
| | 1995(B) | | n/a |
| | 1996 | 4.7 | 4.12 |
| | 1997 | 1.8 | |
| | 1998 | .7 | |
| | 1999 | .5 | |
| | 2000 | .2 | |
| | 2001 | .1 | |
| | | | |

SO 1.3 ACCELERATED DEVELOPMENT AND GROWTH OF PRIVATE ENTERPRISE

A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Being a recently instituted Strategic Objective in Uzbekistan, no targets were previously established, and thus progress cannot be measured against those standards. New targets have been set forth in the performance data table included in the Strategic Plan, and are included here.

B. PROGRESS TOWARD OBJECTIVES

1. Performance Analysis

USAID recently initiated a trade and investment program designed to educate state officials on the merits, benefits and requirements of the World Trade Organization and to assist in the preparation and adoption of changes to the legal and regulatory framework necessary for accession to the WTO. This project has already assisted the Government of Uzbekistan in preparing its Memorandum of Foreign Trade Regime, which is currently project to be presented to the WTO in Geneva in May 1997.

The Central Asian-American Enterprise Fund (CAAEF), headquartered in Tashkent, also represents a major USG initiative aimed at promoting a private commercial sector in Uzbekistan. In 1996, \$23 million in equity investments and loan funding have been approved. IESC and the Farmer-to-Farmer program help in a variety of ways, including business planning and training and bringing CAAEF and other donor organizations together with potential investment opportunities. The Winrock farmer-to-farmer program fielded 25 volunteers in Uzbekistan in FY 1996, who focused on technology transfer and agribusiness development.

2. Expected Progress Through FY 99 and Management Actions

At these early stages, it is difficult to gauge the progress for this Strategic Objective until Uzbekistan's attitude and commitment to the reforms are clarified. A positive result could lead to expanded technical assistance in the areas of trade and investment and commercial law reform, which would continue probably up to and beyond FY 99; a reactionary response could result in the discontinuation of the entire effort. It is expected that CAAEF and IESC will continue investment projects up to FY 99.

3. Performance Data Tables

| | | | |
|---|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE : 1.3 APPROVED: 7/12/1996 COUNTRY/ORGANIZATION: Uzbekistan/USAID | | | |
| RESULT NAME: IR 1.3.3 Increased availability of and access to capital and technological resources for the private sector | | | |
| INDICATOR: Loans and joint venture funds invested | | | |
| UNIT OF MEASURE: Dollars (million) | YEAR | PLANNED | ACTUAL |
| SOURCE: Contractor and grantee' reports | 1995 | - | - |
| | 1996 | - | 12.9 |
| INDICATOR DESCRIPTION: Dollar volume of joint venture funds invested and loans provided | 1997 | 15 | |
| | 1998 | 17 | |
| COMMENTS: | 1999 | 20 | |
| | 2000 | 25 | |
| | 2001 | 30 | |
| | | | |

SO 1.4 A MORE COMPETITIVE AND MARKET-RESPONSIVE PRIVATE FINANCIAL SECTOR

A. OVERVIEW AND FACTORS AFFECTING STRATEGIC OBJECTIVE PERFORMANCE

The R4 tree and Performance Data Table along with the narrative part for the Uzbek Strategic Objective 1.4 were submitted in draft for review in May 1996.

They were modified subsequently per feedback received in USAID/W in May 1996 and as a result of other ad hoc recommendations.

Overall progress in this Strategic Objective is on track.

B. PROGRESS TOWARDS OBJECTIVE

1. Performance Analysis

Strategic Objective 1.4: A more competitive and market -responsive private financial sector

Strategic objective performance indicator: Bank deposits as percentage of GDP (Indicator definition: Private sector deposits in Kazakhstan's banking system as % of GDP). Effective resource mobilization poses a major constraint to economic growth in Uzbekistan. Currently, commercial banking is highly concentrated in three institutions and they are barely solvent. In addition, the government's extremely distortive foreign exchange management policies have severely limited access to foreign exchange through the banking system, thus inhibiting capital financing through the commercial banks. There is only the most rudimentary understanding of how capital markets work, although Uzbekistan adopted a basic commercial banking law in 1995.

Progress rating: The overall progress to date for this indicator is considered to be off-track.

IR 1.4.1- Government regulatory agencies supervise, administer and enforce legislation. So far, USAID has assisted with bank supervision training to the National Bank and commercial bank managers in Uzbekistan, Kazakhstan and the U.S., with emphasis given to on-site examination policy and procedures, supervision of off-site examinations, database development, organizational structure, liquidations, licensing and legal infrastructure development.

Progress rating: The overall progress to date is considered to meeting targets.

IR 1.4.2- More forms of financial intermediation are institutionalized and effectively supply the private sector on a competitive basis. For the years 1997 and beyond this strategic objective seeks to build a legal/regulatory structure to provide the foundation for private sector banks and capital market institutions; establish private-sector institutions; and develop some of the governmental supervisory bodies for the financial sector. In this regard, one key piece of

legislation was enacted in late 1996, namely a pension decree that aimed to improve the collections and allocations for the public pension system. However, more needs to be done. By the end of 1997, the financial sector needs to provide fundamental services such as a payment system, market-based bank and credit facilities, deposit and checking accounts, and a more sustainable public pension system.

Progress rating: The overall progress to date is considered as meeting target.

IR 1.4.1.2- Regulatory framework and reporting systems are broadly applied to effectively screen out deficient institutions.

Technical assistance is to begin in March 1997. No data are currently available.

Progress rating: N/A

IR 1.4.2.3- Public pension fund effectively collects and allocates pension contributions.

Meaningful pension reforms have not been adopted by the Government of Uzbekistan. Pension reform is still in the initial steps in Uzbekistan. In fact, reliable data concerning pension fund collections are still unavailable. These public pension contributions collected and allocated to the pension system is still an unknown amount.

Progress rating: On-track

2. Expected Progress through 1999 and Management Actions

USAID needs to continue its help in achieving primary results to accomplish this strategic objective in Uzbekistan:

- C Law, regulations, and policies authorizing essential pension market regulatory institutions and systems. To achieve this result, many changes must occur.

Specifically, the legal framework must define the parameters of operation for public and private pension manager, the reporting relationships between private firms and their regulatory agencies. In short, the legal basis for the public and private pension funds will need to be established.

- C Regulatory agencies supervise, create regulations, and policies, and enforce legislation.

These agencies will be trained to govern on the basis of principle and to encourage private-sector development. Specifically, policy advice and training will be furnished to the National Bank and the Ministry of Finance. Training will focus on financial regulatory skills and background on the activities to be regulated. This is being done through long term technical assistance to the regulatory agencies, through short courses open to all market participants and through work with some firms on a pilot basis.

- C Sets of institutions, services, and financial instruments are created and properly protect "customers" rights.

In other words, private-sector banks and capital market intermediaries are established and provide essential financial services to business and population, namely:

- C Electronic fund transfers system among banks and for the business community.
- C Market-based bank and securities credit.
- C Deposit and checking accounts, primarily for business.
- C Accounting and auditing services offered by firms on the basis of international standards.

With scarce resources, this effort will be focused on a limited number of banks, private firms and pension and investment funds, etc., on a pilot basis. USAID will ensure that these pilot institutions understand the new systems and their new roles, successfully convert from old to new operations, and demonstrate their ability to build public confidence in the new financial sector.

Essential for this process is public education, concerning the privatization program (especially mass privatization and investment funds), and the general role of a financial sector. In particular, the methods by which bank customers and shareholders are protected must be emphasized. Also of importance is the relationship of these people to the companies in which they or their funds or pension benefits are invested.

3. Performance Data Tables

| | | | |
|--|-------------|----------------|---------------|
| Strategic Objective 1.4: A More Competitive and Market Responsive Private Financial Sector APPROVED: 07/12/1996 COUNTRY/ORGANIZATION: USAID/ Uzbekistan | | | |
| RESULT NAME: A more competitive and market responsive private financial sector | | | |
| INDICATOR: Bank deposits as % of GDP | | | |
| UNIT OF MEASURE: percent SOURCE: The Central Bank of Uzbekistan INDICATOR DESCRIPTION: Private sector deposits in Uzbekistan's banking system as % of GDP COMMENTS: Technical assistance has just recently begun in March 1997 in this area. | YEAR | PLANNED | ACTUAL |
| | 1995 | | 8 |
| | 1996 | -- | 8 |
| | 1997 | 9 | |
| | 1998 | 10 | |
| | 1999 | 12 | |
| | 2000 | 14 | |
| | 2001 | 15 | |
| | | | |

| | | | |
|---|-------------|----------------|---------------|
| Strategic Objective 1.4: A More Competitive and Market Responsive Private Financial Sector APPROVED: 07/12/1996 COUNTRY/ORGANIZATION: USAID/ Uzbekistan | | | |
| RESULT NAME: Regulatory framework and reporting systems are broadly applied and effectively screen out deficient institutions | | | |
| INDICATOR: increasing % of banks meeting capital adequacy requirements | | | |
| UNIT OF MEASURE: percent SOURCE: Central Bank of Uzbekistan INDICATOR DESCRIPTION: Percentage of all banks that meet capital adequacy requirements COMMENTS: Technical assistance has just recently begun in March 1997 in this area. | YEAR | PLANNED | ACTUAL |
| | 1995 | | 5 |
| | 1996 | 10 | 8 |
| | 1997 | 20 | |
| | 1998 | 30 | |
| | 1999 | 50 | |
| | 2000 | 70 | |
| | 2001 | 85 | |
| | | | |

| | | | |
|--|-------------|----------------|---------------|
| Strategic Objective 1.4: A More Competitive and Market Responsive Private Financial Sector APPROVED: 07/12/1996 COUNTRY/ORGANIZATION: USAID/Uzbekistan | | | |
| RESULT NAME: Public pension fund effectively collects and allocates pension contributions | | | |
| INDICATOR: Public pension contributions collected and properly allocated to pension system stated as % of GDP | | | |
| UNIT OF MEASURE: percent <hr/> SOURCE: Ministry of Social Protection <hr/> INDICATOR DESCRIPTION: contributions collected as % of GDP <hr/> COMMENTS: Meaningful pension reforms have not yet been adopted by GOU. Pension reform is still in the initial steps in Uzbekistan. In fact, reliable data concerning pension fund collections are still unavailable. The public pension contributions collected and then allocated to the pension system is still an unknown amount. | YEAR | PLANNED | ACTUAL |
| | 1995 | | 13.0 |
| | 1996 | 13.0 | 12.0 |
| | 1997 | 13.5 | |
| | 1998 | 13.5 | |
| | 1999 | 13.7 | |
| | 2000 | 13.8 | |
| | 2001 | 13.8 | |
| | | | |

| | | | |
|---|-------------|----------------|---------------|
| Strategic Objective 1.4: A More Competitive and Market Responsive Private Financial Sector APPROVED: 07/12/1996 COUNTRY/ORGANIZATION: USAID/Uzbekistan RESULT NAME: Government regulatory agencies supervise, administer and enforce legislation. | | | |
| INDICATOR: Assessed regulatory capacity in place and functioning. | | | |
| UNIT OF MEASURE: Y/N <hr/> SOURCE: Central Bank of Uzbekistan <hr/> INDICATOR DESCRIPTION: USAID assessment of regulatory readiness of the Central Bank <hr/> COMMENTS: USAID has assisted with bank supervision training to the National Bank and commercial bank managers in Uzbekistan, Kazakhstan and the U.S., with emphasis given to on-site examination policy and procedures, supervision of off-site examinations, database development, organizational structure, liquidations, licensing and legal infrastructure development. | YEAR | PLANNED | ACTUAL |
| | 1995 | | N |
| | 1996 | Y | P |
| | 1997 | Y | |
| | 1998 | Y | |
| | 1999 | Y | |
| | 2000 | Y | |
| | 2001 | Y | |
| | | | |

| | | | |
|--|-------------|----------------|---------------|
| Strategic Objective 1.4: A More Competitive and Market Responsive Private Financial Sector APPROVED: 07/12/1996 COUNTRY/ORGANIZATION: USAID/Uzbekistan | | | |
| RESULT NAME: More forms of financial intermediation are institutionalized and effectively supply the private sector on a competitive basis. | | | |
| INDICATOR: Increasing number of financial services available. | | | |
| UNIT OF MEASURE: Number <hr/> SOURCE: Central Bank, the Ministries <hr/> INDICATOR DESCRIPTION: Number of district services available <hr/> COMMENTS: For the years of 1996 and 1997 this strategic objective seeks to build a legal/regulatory structure to provide the foundation for private sector banks and capital market institutions; establish private-sector institutions; and develop some of the governmental supervisory bodies for the financial sector. | YEAR | PLANNED | ACTUAL |
| | 1995 | | 5 |
| | 1996 | 6 | 6 |
| | 1997 | 7 | |
| | 1998 | 9 | |
| | 1999 | 11 | |
| | 2000 | 13 | |
| | 2001 | 15 | |
| | | | |

SO 2.1 INCREASED BETTER INFORMED CITIZENS PARTICIPATION IN ECONOMIC AND POLITICAL DECISION MAKING

A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

USAID's Uzbekistan strategy for this objective is to continue our successful work with the NGO sector and to continue developing the availability of independent information sources. Additionally, USAID will provide feedback into the development of new laws and pursue an opportunistic policy to work with different levels of government on transparency. Finally, USAID will test Uzbekistan's willingness to hold free and fair elections in 1999 by offering electoral law and voter reform assistance.

The strong power of the executive branch limits work on developing independent governing agencies. In Uzbekistan, the successful transition to democracy is dependent upon the government's perception of how a more democratic environment serves the interests of those in power. USAID assistance will take that into consideration.

Citizen participation is the central element of USAID's short term strategy for the democratic transition in Uzbekistan. In mid-1996, following the visit of the President of Uzbekistan to the United States, the government stated its commitment to improving human rights. While a sound human rights record is important to a fully democratic civil society, it is not essential to begin interventions. The government has permitted the registration and development of NGOs that are not advocating a political agenda and appears willing to allow some advocacy on social and economic issues.

These groups may be subject to government monitoring of their activities and their membership by the state. In light of the fact that they are working in a system that does not guarantee the right to free assembly and freedom of association, USAID assistance in this area will continue to emphasize constituency building and provision of services to NGO members, rather than directing work towards advocacy with the government.

Independent media endure the same lack of respect for privacy as members of NGOs. Therefore, the strategy calls for work on the development of an independent electronic media in apolitical terms, such as basic journalism skills and business management. The sooner stations are financially independent, the sooner they will be able break away from regional sources of control.

The government has shown an openness to some activities which might elsewhere be termed "rule of law." These include development of judicial independence and input from expert advisors on draft legislation. These opportunities will be pursued in Uzbekistan as a venue for increasing government responsiveness. In addition, USAID is planning a program with the International Foundation for Electoral Systems (IFES) to prepare for parliamentary and presidential elections in December, 1999.

B. PROGRESS TOWARD OBJECTIVES

1. Performance Analysis

IR 2.1.1- Over 550 members of over 340 NGOs received training in the course of the past year, and 52 NGOs developed projects using USAID's funds since the beginning of the program. NGOs have used USAID training on media relations to engage the population in an understanding of the critical issues facing them, and their possible solutions.

NGOs have engaged government officials and provided assistance with oversight when their members did not receive services to which the law entitled them. In order to promote these activities, USAID will begin a new program in 1997, which will encourage constituency building and create links between government, independent media and NGOs.

Progress Rating: Consistent with expectations

IR 2.1.2- The independent media exchange sponsored by USAID to develop an independent television network has had some interest among Uzbek stations. Internews produces the program once a month, and hopes to increase the frequency. This is the preliminary activity for developing an independent TV network news exchange. Three independent television stations in Uzbekistan each want to start their own network. While there are clearly resources in Uzbekistan for only one independent network, it is heartening to see such interest.

Progress Rating: Consistent with expectations

IR 2.1.3- While the government did not directly solicit citizen input into draft legislation, it repeatedly sought advice from ABA. The government permitted, and did not interfere with, the conducting of the first IFES survey of voter attitudes on the transition and on their relationship to the agencies of civil society. The results of this survey were discussed with the government and provide an opportunity for working with them on broadening their receptivity to ideas. After the full report is reviewed by the Government, it will be disseminated to the international donor community, local NGOs, and the press with the support of the National Commission on Human Rights. This survey will be a baseline for measuring future opinions, as well as providing better information on regional differences between the countries of Central Asia. Not only is this information indispensable in future program design, but the event of conducting the survey itself was a success in Uzbekistan, where citizens are usually reticent in the face of such questions.

Progress Rating: Consistent with expectations, but not high enough to reach strategic objective

USAID finds its successes in areas that are not viewed as a threat to the government. USAID grantees tend to implement their programs in a manner so as not to antagonize the government, while still sowing the roots of democracy. Similarly, the electronic media goes about its business providing news but is still far too weak to criticize the Government. Eventually, as NGOs and the media gain strength, they should assume some risk. If not, USAID will have to cut support.

3. Expected Progress Through FY 99 and Management Actions

Progress in democratic transition in Uzbekistan is slow.

The number of advocacy NGOs has grown considerably, although it still lags the growth seen in Kazakhstan or The Kyrgyz Republic in the same period. The government has not interfered with training for these groups. However, a major effort by element of the Government of Uzbekistan and a variety of donors, including USAID, to develop a better NGO law is facing serious opposition from the Ministry of Justice.

Several sectors received intensive partnership work in the past year to develop NGOs. Artisans associations, which combine economic development with advocacy on behalf of their members, have seen significant growth in the strength of their organizations. Private Farmers Associations progress has been slower, as the government still considers agriculture to be a critical industry, and fires state and local government officials when production declines. NGOs which reflect traditional Uzbek neighborhood associations have shown some progress or deal with social sectors such as the handicapped.

Independent television stations are taking a more active interest in the workshops on the role of the media in a transitional society and on technical aspects of television journalism. Unfortunately, the stations are often afraid to report on controversial issues due to self-censorship. The quality of legislative drafting is improving due to USAID assistance. The government requested ABA's and commercial law advisors' assistance several times for reviewing draft legislation. The experts' suggestions were not always accepted, but USAID considers it a good sign that the government is requesting assistance.

USAID expects development to continue at or about the same pace, unless there is a major shift in the government's attitude. President Karimov publicly states that he wants democracy and a more vocal media.

As long as the right to freedom of assembly, freedom of association and freedom of information in Uzbekistan is compromised by the government's concern for its own position, it will be difficult to fully achieve this strategic objective. However, the Constitution does guarantee these rights and Uzbekistan recently passed a law on freedom of access to information and a law protecting the professional work of journalists. The President's commitment in 1996 to human rights behooves USAID to continue to support the rights of citizens to assemble and the right of independent electronic media to develop.

- C In terms of NGO development, this means that there should be continued availability of small seed grants and progressive stages of training for indigenous groups coming together to address common areas of concern.

In the area of information, there are critical issues. Implementation activities will include support for public legal information centers, which will act as repositories for draft laws and maintain databases of legislation from other NIS countries and abroad.

- C In the development of independent media, USAID will continue work on fundamental management techniques, while assisting development of an independent television network, expansion of the current news exchange program and improving the quality of news programming.

The work on the media will also be expanded, through the constituency building project, to increase the media's awareness of the role of the third sector, and the people's support for and participation in reform.

The programming in the area of government responsiveness to its citizens will be very limited. Some assistance will be offered to the National Center for Human Rights to test the sincerity of the governments intentions, and ABA will continue work with the parliament to improve its effectiveness.

- C Finally, the third area of increasing government responsiveness to citizens will be to strengthen the technical aspects of conducting free and fair elections.

USAID will sponsor in-depth election assistance, improving the election process through law development, training of election officials and monitors, public education, in advance of the Parliamentary and Presidential elections in 1999. This time of lower pressure on the Central Election Commission because of the years left before the elections allows for work on strengthening the fundamentals of elections. If at any time it becomes clear that the elections will not be free and multi-candidate (or the Central Election Commission shows itself to be unreceptive or indifferent towards contested elections), USAID will immediately cease assistance.

In addition, USAID/CAR is exploring the options for creating an activity to promote transparency, responsiveness and accountability in the government. The Government's desire to retain control is a big obstacle to these issues. As conditions change and government receptivity increases, USAID will give consideration to developing a separate rule of law strategic objective.

Democracy is making slow progress in Uzbekistan. USAID will continue to make adjustments in its strategy as the situation changes. Barring a major shift in the government's attitude toward civil society, USAID work in Uzbekistan needs to maintain its emphasis on the components of civil society that are permitted to exist, even if without legal guarantees -- NGOs and the media. The program also needs to lay the groundwork for transition work into the government sector, provided that the Government demonstrates the political will to reform itself.

3. Performance Data Tables

| | | | |
|---|-------------|----------------|---------------|
| OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making APPROVED: May 1996 COUNTRY/ORGANIZATION: Uzbekistan; USAID/CAR | | | |
| RESULT NAME: IR 2.1.1.2 Improved Laws and Policies enabling Right of Assembly and Association | | | |
| INDICATOR: Improved Laws and/or policies enabling the Right of Assembly and Association | | | |
| UNIT OF MEASURE: Total Actual registration simplicity points/total possible indicators of registration simplicity out of 11 possible points 1 point = Constitution allows citizen group formation 1 point = NGOs of non-political nature, who are very persistent can be registered 1 point = Groups with board of directors/memberships from all states necessary for national group - provision eliminated 1 point = Groups can be registered with as few as five members 1 point = NGOs with a political agenda can register to operate 1 point = NGOs need only register for tax purposes, and registration is not a barrier to operations 1 point = Law differentiates between businesses and public associations 1 point = Law allows public service groups to be exempted from income tax on contributions and dues 1 point = Law allows donations by individuals to be deducted against personal income tax liability 1 point = Law allows for donations by corporations to be deducted against corporate income tax liability 1 point = Law allows for preferential treatment by tax authorities on revenue generation through micro/business operations for organizations solely to support the charitable activities of the NGO | YEAR | PLANNED | ACTUAL |
| | 1995 | - | 1 of 11 |
| | 1996 | 1 of 11 | 1 of 11 |
| | 1997 | 4 of 11 | |
| | 1998 | 4 of 11 | |
| | 1999 | 4 of 11 | |
| | 2000 | 4 of 11 | |
| | 2001 | 4 of 11 | |
| | | | |
| | | | |
| SOURCE: American Bar Association review of the existing laws and policy implementation; Counterpart International | | | |
| INDICATOR DESCRIPTION: The quality of the law shall be determined by how many points out of a possible 11 the law contains. | | | |
| COMMENTS: A great deal of combined donor work was carried out in this area in FY 1997, but the government continued its suspicion of a free NGO movement. | | | |

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|--|-------------|----------------|---------------|
| OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making APPROVED: NA COUNTRY/ORGANIZATION: Uzbekistan ; USAID/CAR | | | |
| RESULT NAME: IR 2.1.2.2 Domestic news widely available via electronic media | | | |
| INDICATOR: Number of independent TV and radio stations | | | |
| UNIT OF MEASURE: Number of independent TV and radio stations, each station counting as one. SOURCE: Internews survey INDICATOR DESCRIPTION: An independent station is one which operates as a commercial station, received revenues from advertising. <u>Note: This is different than the definition in Kz and Kg</u> COMMENTS: The work with independent stations in Uzbekistan is just beginning, as stations have heretofore been quite suspicious of working with outside parties; presumably due to human rights concerns. | YEAR | PLANNED | ACTUAL |
| | 1995 | - | 2 |
| | 1996 | - | 6 |
| | 1997 | 6 | |
| | 1998 | 8 | |
| | 1999 | 10 | |
| | 2000 | | |
| | 2001 | | |

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making

APPROVED: NA

COUNTRY/ORGANIZATION: Uzbekistan; USAID/CAR

RESULT NAME: IR 2.1.3.1 Increased Government Transparency

INDICATOR: Number of consultative processes addressing legislative or policy issues

UNIT OF MEASURE:

Number for which USAID has a record of time, place and issue under discussion

SOURCE: American Bar Association; Counterpart

INDICATOR DESCRIPTION: A consultative process shall be considered to be a meeting between a member of government and the public, as recorded (date and topic) by a USAID implementing partner for the purpose of providing citizen input into developing policy.

COMMENTS:

The government has shown some willingness to enter into consultative processes regarding laws effecting the economy.

USAID/CAR believes that this target will be reached in 1997

| YEAR | PLANNED | ACTUAL |
|------|---------|----------------------------|
| 1995 | - | - |
| 1996 | - | 1 Notary Law |
| 1997 | 2 | 1 YTD handicraft law |
| 1998 | 4 | |
| 1999 | 6 | |
| 2000 | | |
| 2001 | | |
| | | |

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|---|-------------|----------------|--|
| OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making APPROVED: NA COUNTRY/ORGANIZATION: Uzbekistan; USAID/CAR | | | |
| RESULT NAME: IR 2.1.3.2 Increased Government Accountability | | | |
| INDICATOR: Degree of fairness of elections per annual US embassy human rights reports | | | |
| UNIT OF MEASURE: Narrative SOURCE: US Embassy INDICATOR DESCRIPTION: Narrative Description of elections from Human Rights Reports COMMENTS: Without improvements in the governments' commitment to the rights of citizens to change their government peacefully, USAID will provide only very limited support to the area of government work. | YEAR | PLANNED | ACTUAL |
| | 1991 | - | "The election was neither free nor fair" |
| | 1996 | - | "Citizens can not exercise their right to change their government peacefully." |
| | 1997 | | |
| | 1998 | | |
| | 1999 | | |
| | 2000 | | |
| | 2001 | | |
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SO 3.2 IMPROVED SUSTAINABILITY OF SOCIAL BENEFITS AND SERVICES

Mission Strategic Objective 3.2 is Reform Strategies in Selected Social Sectors Developed and Implemented.

A. OVERVIEW AND FACTORS AFFECTING STRATEGIC OBJECTIVE PERFORMANCE

In the R4 submission of April of 1996 USAID/CAR presented Strategic Objective 3.2 based on the earmarked funds that were being programmed in Uzbekistan. In order to more accurately reflect work directly contributing to Improved Sustainability of Social Benefits and Services, the earmarked funds have been moved this year to Special Objectives 4.1 (Special Initiatives). Mission Strategic Objective 3.2 focuses on core issues in the social sphere starting with health to improve their sustainability in a market oriented democracy.

B. PROGRESS TOWARD OBJECTIVES

USAID/CAR has been engaging the government on the critical issues to sustainability: rationalization, targeting, sustainable budgets, and privatization for several years. In late 1996 the Ministry of Health agreed to work for the first time on these issues. A formal letter of request was sent to USAID/CAR for assistance with health reform.

1. Performance Analysis

The time frame for achieving the above strategic objective has been established at 7 years with the final year of funding FY 2003. Two indicators, numbers of programs introduced and policies for vulnerable populations introduced, were selected to demonstrate the achievement at the Mission Strategic Objective level.

Within the seven year time frame, intermediate results (IR) were identified which will demonstrate achievement of the Mission Strategic Objective. Data for the IR indicators is currently being collected and monitored on a periodic basis. Progress in many of the stated intermediate results and indicators demonstrates that some aspects of reform, as noted below, are moving more rapidly than others towards the achievement of the mission objective.

Progress Rating: N/A. This is the first year for submission of this strategy for achieving this objective.

2. Expected Progress Through FY 99 and Management Actions

Work on the social benefits and services Strategic Objective will begin in late Fiscal Year 1997 in the health reform area. USAID expects to support health reform demonstration beyond FY 99. However, applications of lessons learned in health reform demonstrations in Kazakhstan and Kyrgyzstan should accelerate implementation and minimize resource requirements. In FY 98

USAID will conduct an evaluation of the housing sector and Government commitment to reforms in this area.

Further , the continued close collaboration with the World bank in this area enhances the impact of the resources of both donors. USAID will assess, subject to adequate resource allocation, the housing sector and the interest of the government in pursuing reforms similar to those supported in Kazakhstan, especially condominium associations and privatization of maintenance services.

3. Performance Data Tables

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|---|-------------|----------------|---------------|
| OBJECTIVE: 3.2 Improved sustainability of social benefits and services APPROVED: COUNTRY/ORGANIZATION: Uzbekistan, USAID/CAR | | | |
| RESULT NAME: SO3.2. Reform strategies in selected social sectors developed and implemented. | | | |
| INDICATOR: Number of pilot programs introduced. | | | |
| UNIT OF MEASURE: Number of interventions SOURCE: data base: Health Reform project INDICATOR DESCRIPTION: reform programs = pilot level projects to restructure social sector, especially health. COMMENTS: | YEAR | PLANNED | ACTUAL |
| | 1997 | TBD | |
| | 1998 | TBD | |
| | 1999 | TBD | |
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|---|-------------|----------------|---------------|
| OBJECTIVE: 3.2 Improved sustainability of social benefits and services APPROVED: COUNTRY/ORGANIZATION: Uzbekistan, USAID/CAR | | | |
| RESULT NAME: SO3.2 Reform strategies in selected social sectors developed and implemented. | | | |
| INDICATOR: Policies for vulnerable populations introduced. | | | |
| UNIT OF MEASURE: Number of new decrees or legislative pieces designed SOURCE: data base - individual project level INDICATOR DESCRIPTION: needed reform identified, examined and policies developed in conjunction with counterparts. Vulnerable population=pensioners, women and children COMMENTS: | YEAR | PLANNED | ACTUAL |
| | 1997 | TBD | |
| | 1998 | TBD | |
| | 1999 | TBD | |
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|---|-------------|----------------|---------------|
| OBJECTIVE: 3.2 Improved sustainability of social benefits and services APPROVED: COUNTRY/ORGANIZATION: Uzbekistan, USAID/CAR | | | |
| RESULT NAME: IR3.2.2: Demonstrate that quality health care and municipal services can be made available on cost effective basis | | | |
| INDICATOR: number of independent primary care practices increased | | | |
| UNIT OF MEASURE: number of primary care practices SOURCE: data base: Health Reform project INDICATOR DESCRIPTION: Increase in # of primary care practices actually staffed and providing services in demonstration oblasts COMMENTS: | YEAR | PLANNED | ACTUAL |
| | 1997 | 10 | |
| | 1998 | 32 | |
| | 1999 | TBD | |
| | 1999 | | |
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|--|-------------|----------------|---------------|
| OBJECTIVE: 3.2 Improved sustainability of social benefits and services APPROVED: COUNTRY/ORGANIZATION: Uzbekistan, USAID/CAR | | | |
| RESULT NAME: IR3.2. 1. Critical social benefits and services needs identified for vulnerable population. | | | |
| INDICATOR: Policies for vulnerable populations introduced. | | | |
| UNIT OF MEASURE: Number of need assessments and evaluations conducted SOURCE: data base - USAID: INDICATOR DESCRIPTION: needed reform identified, examined and policies developed in conjunction with counterparts. Vulnerable population = pensioners, women and children. COMMENTS: | YEAR | PLANNED | ACTUAL |
| | 1997 | TBD | |
| | 1998 | TBD | |
| | 1999 | TBD | |
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SO 4.1 SPECIAL INITIATIVES

REPRODUCTIVE HEALTH

The Reproductive Health Services Expansion Program (RHSEP) was initiated in 1993. The purpose of the program was to promote the use of safe, modern contraceptives in order to decrease the dependence on abortions to control fertility. There were five USAID Cooperating Agencies (CAs) implementing the program in Uzbekistan: The Johns Hopkins Program for International Education in Obstetrics and Gynecology (JHPIEGO); Access to Voluntary Safe Contraception (AVSC); MACRO International through its Demographic and Health Survey (DHS) Project; the John Hopkins University Population Communication Project (JHU/PCS); and the Futures Group through its OPTIONS Project and Social Marketing for Change (SOMARC) Project.

Under the RHSEP the Ministry of Health developed standardized Reproductive Health/Family Planning Guidelines. Faculty were trained as FP trainers at the Refresher Training Institute in Tashkent and at the Samarkand Medical Institute. Model family planning training sites were established in the Maternity House Number 9 in Tashkent; the Regional Center for Maternal and Child Health in Samarkand; and the Maternity House Number 3 in Andizhan. Local trainers then trained service providers in Fergana, Namangan, Bukhara, Urgench and Nukus. Contraceptive social marketing was initiated in the commercial sector in 1994. A Demographic and Health Survey was conducted in 1996; the preliminary report was published in February 1997.

The 1995 internal assessment of the RHSEP Program determined that the CAs had contributed significantly to increased use of modern contraceptives with a concurrent decrease in induced abortions. The preliminary data from the 1996 DHS in Uzbekistan reports the prevalence of modern contraceptive use of all women as 36.6% and of currently married women as 51.3%. The preliminary data also show the total abortion rate (TAR) is 0.7 (or 0.7 abortions per woman). The MOH data give a clear picture of an increase in modern contraceptive use with a concurrent decrease in abortions over the last three years.

Other donors are increasingly interested in providing support to this sector. This year UNFPA signed a contract with AVSC to implement its reproductive health care program in Uzbekistan. The International Planned Parenthood Federation (IPPF) using UNFPA funds is also considering providing technical assistance to update and improve the reproductive health/family planning curricula in the medical and nursing schools using the JHPIEGO training model developed under USAID support. A GTZ-financed project is reaching out to youth and lower-end health workers.

Based on the findings of the internal assessment and the increased donor activity in this area, it was determined to focus USAID's congressionally mandated earmark funds on a component most directly relevant to and supportive of USAID's overall strategy for Uzbekistan: contraceptive social marketing. An external evaluation of the SOMARC program was conducted in February 1997 to guide future programming. The results indicate that SOMARC has demonstrated the viability of the commercial market as a supplier of health services in

Uzbekistan, particularly the commercial distribution and retail sales of commercially supplied contraceptives. The sale of oral contraceptives associated with the program through commercial channels went from 55,000 cycles in the last quarter of 1995 to 218,000 in the last quarter of 1997. The private pharmacy market in SOMARC's two pilot cities is well developed with 416 private pharmacies and 95 pharmacies belonging to the original government pharmacy Dori-Darmon which is now a joint company. Red Apple (program name) products are now available in almost 60% of these pharmacies.

MEDICAL PARTNERSHIPS

The medical partnership in Uzbekistan is between the Second State Medical Institute (TASHMI II) in Tashkent, Uzbekistan and the University of Illinois. TASHMI II is one of the largest hospitals in the Newly Independent States and is the largest medical facility in Central Asia. The partnership was established in October 1992. It entered its graduation phase in October 1995 and will continue through 1997.

The exchanges in hospital management and financial administration have had a major impact on the reorganization of the hospital leading to a reduction of 50% of its beds, opening an outpatient unit, and shifting part of the patient base to outpatient care. Both the outpatient and inpatient services are now generating revenue by instituting a fee for services. As a result, costly inpatient services have been reduced, decreasing general overhead costs, while outpatient services have grown. Staff pay at the hospital is now tied to productivity which has reinforced quality of care.

Nursing reform efforts have resulted in the establishment of performance standards at TASHMI II. All nurses are required to pass clinical performance standards and are provided remedial training to improve their clinical skills if their performance is low. This has promoted nursing as a separate profession and raised the visibility of nurses at TASHMI II.

In addition to the neonatal intensive care unit opened some time ago, a new neonatal resuscitation training unit was recently equipped and staffed. Physicians have been trained as trainers and are conducting training sessions three times a week for nurses and once a week for physicians. There has been a steady decline in the number of infant and maternal deaths at TASHMI II.

The partnership has been supported by the Ministry of Health which provided the equivalent of U.S. dollars 200,000 to Tashmi II to renovate facilities for a high risk pregnancy center based upon modern perinatal models. This center was established in the spring of 1995. The Ministry has held two national level conferences to showcase the center as a model in the treatment of high risk pregnancies.

INFECTIOUS DISEASE PROGRAM

USAID's work in infectious disease, specifically vaccine preventable diseases, in Uzbekistan started in 1992 under the REACH Project. The Project provided technical assistance for emergency relief concerning vaccine supplies, cold chain equipment, and introduced the new

immunization schedule consistent with World Health Organization (WHO) recommendations. The REACH Project ended in 1994 and was followed by the Basic Support for Institutionalizing Child Survival (BASICS) Project in 1995. BASICS continued the EPI (Expanded Program of Immunization) activities initiated under REACH and in 1996 began work with the Centers for Disease Control and Prevention (CDC) on the Central Asia Infectious Disease Program (CAIDP).

With BASICS technical assistance and training a new immunization schedule which is consistent with the WHO recommendations and drastically reduces the number of contraindications was introduced to Uzbekistan. With BASICS technical assistance both rounds of Operation MECACAR (to eradicate polio by the year 2000) achieved greater than 95% coverage for polio vaccination. No polio cases have been reported in 1996. According to the WHO Communicable Disease Report of February 1997, the reported diphtheria cases in Uzbekistan decreased by 75% from 639 cases in 1995 to 160 cases in 1996.

Three sets of manuals have been developed by over the past year in response to priorities and felt needs of MOH of Uzbekistan, as well as counterparts in other republics. They are vaccine finance and procurement, handbook for health communications, and vaccine cold chain and logistics manual, which was developed specifically for immunization managers in the NIS.

The Participating Agency Service Agreement (PASA) between USAID and Centers for Disease Control and Prevention (CDC) was initiated in 1994 to strengthen and improve the surveillance systems and to produce and disseminate regularly published public health bulletins. CDC completed a thorough analysis of the infectious disease surveillance system providing recommendations to the Ministry of Health on possible improvements that would streamline and strengthen the current system. CDC provided Russian-language versions and trained all oblast-level SES epidemiologists in the use of Epi-Info and Epi-Map software to facilitate the use of case-based surveillance to assist their efforts in control of infectious diseases, especially diphtheria and polio, two "high-priority" diseases.

In the fall of 1996, the Central Asian Infectious Diseases Program (CAIDP) began. Under this USAID program technical assistance of BASICS and CDC are focused in the Fergana Oblast in Uzbekistan as well as Osh Oblast in Kyrgyzstan and Zhambul Oblast in Kazakhstan. The goal of the program is to reduce children's morbidity and mortality due to Acute Respiratory Infections (ARI) and Diarrheal Diseases. A Health Care Facility Assessment was conducted in Fergana. Training of trainers in the handling of acute respiratory infections in children has been initiated.

3. Performance Data Tables

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|---|-------------|----------------|---------------|
| OBJECTIVE: 4.1 Earmark-Reproductive Health APPROVED: N/A COUNTRY/ORGANIZATION:Uzbekistan, USAID/CAR | | | |
| RESULT NAME: N/A-Congressionally mandated earmark | | | |
| INDICATOR: General Abortion Rate | | | |
| UNIT OF MEASURE: General Abortion Rate (GAR) SOURCE: Ministry of Health (MOH) INDICATOR DESCRIPTION: Induced abortions per 1000 women ages 15-49. COMMENTS: 1. Data is calendar year data. It is available in March for the prior calendar year. 2. The preliminary results of the 1996 Uzbekistan Demographic and Health Survey shows a total abortion rate of 0.7 abortions per woman. | YEAR | PLANNED | ACTUAL |
| | 1994 | - | 12.1 |
| | 1995 | - | 10.8 |
| | 1996 | - | 10.6 |
| | 1997 | 10.4 | |
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|--|-------------|----------------|---------------|
| OBJECTIVE: 4.1 Earmark-Reproductive Health APPROVED: N/A COUNTRY/ORGANIZATION Uzbekistan, USAID/CAR | | | |
| RESULT NAME: N/A-Congressionally mandated earmark | | | |
| INDICATOR: Increase in Couple Years of Protection (CYP) | | | |
| UNIT OF MEASURE: Couple Years of Protection (CYP) SOURCE: International Manufacturers of Red Apple (Contraceptive Social Marketing Program logo) contraceptives. INDICATOR DESCRIPTION: Couple Years of Protection is the theoretical number of couples receiving contraceptive protection for a year. It is calculated using contraceptive specific denominators: 15 cycles of oral contraceptives equals one CYP; 100 condoms equals one CYP; 4 doses of Depo-Provera and six doses of Noresterat equals one CYP. COMMENTS: 1.) For this activity the CYP is calculated utilizing the number of contraceptives sold by manufacturers to distributors. 2.) The large increase in CYP in 1996 reflects a large bulk purchase of contraceptives through government EC credit line. | YEAR | PLANNED | ACTUAL |
| | 1994 | - | not known |
| | 1995 | 11,500 | 4,400 |
| | 1996 | 20,700 | 235,960 |
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|--|-------------|----------------|---------------|
| OBJECTIVE: 4.1 Earmark-Infectious Disease APPROVED: N/A COUNTRY/ORGANIZATION: Uzbekistan; USAID/CAR | | | |
| RESULT NAME: N/A - Congressionally mandated earmark | | | |
| INDICATOR: Decrease in vaccine preventable diseases | | | |
| UNIT OF MEASURE: Percent of children under 2 years old who have completed the primary series for Diphtheria, Pertussis, and Tetanus (DPT). SOURCE: Ministry of Health Data, Demographic and Health Survey (DHS) INDICATOR DESCRIPTION: Improve and maintain the vaccine coverage for children under 2 years old using DPT as a proxy COMMENTS: The Preliminary Report of the 1996 DHS of Uzbekistan reports 94.4% of children under 2 years old who have completed the primary DPT series. Data reported by the MOH are not in accordance with International methods. The MOH does not include all eligible children under 2 years old as the base. Before calculating the rate they eliminate children with contraindications from the denominator. | YEAR | PLANNED | ACTUAL |
| | 1995 | - | 88.6% |
| | 1996 | - | 96.1% |
| | 1997 | 95% | |
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|--|-------------|----------------|---------------|
| OBJECTIVE: 4.1 Earmark - Infectious Disease APPROVED: N/A COUNTRY/ORGANIZATION: Uzbekistan; USAID/CAR | | | |
| RESULT NAME: N/A - Congressionally mandated earmark | | | |
| INDICATOR: Percent of oblasts using modern approaches to disease surveillance | | | |
| UNIT OF MEASURE: Percent SOURCE: Centers for Disease Control and Prevention (CDC) in Central Asia INDICATOR DESCRIPTION: Increase in the number of oblasts using computer-based applications for case specific diseases COMMENTS: This indicator refers to the modern methods applied to polio and diphtheria | YEAR | PLANNED | ACTUAL |
| | 1995 | 0% | 0% |
| | 1996 | 25% | 100% |
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OBJECTIVE: 4.1 Earmark - Medical Partnerships

APPROVED: N/A

COUNTRY/ORGANIZATION: Uzbekistan; USAID/CAR

RESULT NAME: N/A - Congressionally mandated earmark. (Modern Management Techniques and Clinical Practices Introduced)

INDICATOR: Number of health providers trained in modern management techniques and clinical practices.

UNIT OF MEASURE: Number of health providers.

SOURCE: American International Health Alliance (AIHA).

INDICATOR DESCRIPTION: Increase in number of health providers trained in modern management techniques and clinical practices.

COMMENTS:

1. The current indicator replaces the previous one "Increase in Number of Facilities Using Modern Management Techniques and Clinical Practices." The previous indicator was based on a 1994 baseline of 25 facilities with targets of 57 in 1995 and 114 facilities in 1996 using modern management techniques and clinical practices. AIHA is unable to provide data needed by the indicator. AIHA reports on numbers of persons trained.
2. Planned 1997 target is cumulative (includes 1996 actual plus 1997 specific). The 1997 actual is as of 3/31/97.

| YEAR | PLANNED | ACTUAL |
|------|---------|--------|
| 1996 | | 81 |
| 1997 | 181 | 104 |
| | | |
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III. Status of the Management Contract

The Management Contract agreed to by the Mission and Washington during last spring's R4 reviews has not been significantly altered for Uzbekistan. However, it is important to note the following for use in this year's R4 discussions:

A. Strategic Objective Changes or Refinements: The Mission has changed the focus of the Regional Energy Strategic Objective 1.5, which has activities in Uzbekistan, to more fully reflect the role that energy will play in the economic development of Central Asia, as described in the Regional R4 for Central Asia. Also, the Mission has revised the R4 for the Regional Environmental Strategic Objective 3.3, which has activities in Uzbekistan. In contrast to last year, the new wording for this objective focuses on transboundary issues rather than just improved air, water, and waste management practices. A revise SO 3.2 on sustainable social services and benefits is introduced to initiate health reform. All health earmarks are moved to Special Objective 4.1.

Also, recent budget developments have meant that the Mission's programs in health reform have had to be significantly reduced in Kazakhstan, Kyrgyzstan, and Uzbekistan. In the case of Uzbekistan, originally planned health reform activities -- which would have been designed to leverage resources from other international donors such as the World Bank -- can only be partially funded.

B. Partnership For Freedom: As indicated in the discussion of individual strategic objectives, the Mission sponsors six active partnerships in Uzbekistan in health, NGOs, and environment. With the notable exception of the earmark-imposed health partnership, these partnerships form an integral part of the Mission program. As such, they strongly complement our technical assistance efforts and will serve to continue our work even when USAID/CAR is no longer in Central Asia. In the future, we will seek opportunities to use partnerships in Uzbekistan when and where appropriate as an effective tool to amplify the impact of our ongoing programs.

C. Phase-Out Dates: USAID/CAR presented its framework for transition in the CAR countries in a cable sent to Washington in September 1996. In this document, the Mission argued that the entire Central Asian region should continue to be funded under the FSA (or other funds set aside for the former Soviet Union) for as long as possible. The Mission also argued that the end of FSA funding should not herald the end of an official USG technical cooperation presence. In addition, the Mission stated that phase-out should occur on a regional basis so as not to send the wrong political signal to the affected countries. Finally, the Mission noted that the current program in Central Asia fits well in the DA menu of activities and that a shift to DA funding at some later date would not entail any dramatic changes in ongoing activities. These issues will need to be further discussed in Washington during the formal R4 review process.

D. Government Commitment to Reform. Despite the November 1996 foreign exchange crisis, demonstrating that Uzbek policymakers must try to better understand transition fundamentals, the current consensus is that the Government of Uzbekistan remains sufficiently committed to

reform. The most telling evidence is Uzbekistan's interest in joining the World Trade Organization, which would require a number of reform measures in areas related to trade and investment.

E. Environmental Compliance: At the current stage of development of Uzbekistan, environmental issues requiring IEEs and EAs rarely emerge. Generally construction activities organized under the Aral Sea Initiative are subject to this requirement, but all such activities are scheduled to end by September 1997. Hence, we are not aware of the need for any environmental impact assessments in Uzbekistan for FY 1998.

IV. Resource Requirements